

**BEFORE THE  
CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

DOUGLAS J. HANSON  
1875 East Valley Parkway, #201  
Escondido, CA 92027

Certified Public Accountant Certificate No. 43682

Respondent.

Case No. AC-2008-8

OAH No. L-2008040844

**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on December 26, 2008.

It is so ORDERED November 26, 2008.

  
\_\_\_\_\_  
FOR THE CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS

1 EDMUND G. BROWN JR., Attorney General  
of the State of California  
2 LINDA K. SCHNEIDER  
Supervising Deputy Attorney General  
3 ANTOINETTE B. CINCOTTA, State Bar No. 120482  
Deputy Attorney General  
4 110 West "A" Street, Suite 1100  
San Diego, CA 92101  
5  
6 P.O. Box 85266  
San Diego, CA 92186-5266  
Telephone: (619) 645-2095  
7 Facsimile: (619) 645-2061

8 Attorneys for Complainant

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10 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

13 DOUGLAS J. HANSON  
1875 East Valley Parkway, #201  
14 Escondido, CA 92027

15 Certified Public Account Certificate No. 43682

16 Respondent.

Case No. AC-2008-8

OAH No. L-2008040844

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

17  
18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the  
19 above-entitled proceedings that the following matters are true:

20 PARTIES

21 1. Daniel Rich (Complainant) is the Acting Executive Officer of the  
22 California Board of Accountancy. He brought this action solely in his official capacity and is  
23 represented in this matter by Edmund G. Brown Jr., Attorney General of the State of California,  
24 by Antoinette B. Cincotta, Deputy Attorney General.

25 2. Douglas J. Hanson (Respondent) is representing himself in this proceeding  
26 and has chosen not to exercise his right to be represented by counsel.

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3. On or about October 11, 1985, the California Board of Accountancy issued Certified Public Accountant Certificate No. 43682 to Douglas J. Hanson (Respondent). The Certified Public Accountant Certificate expired on May 1, 2007, and has not been renewed.

## JURISDICTION

4. On or about February 4, 2008, Accusation No. AC-2008-8 was filed before the California Board of Accountancy (Board), Department of Consumer Affairs, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on February 13, 2008. Respondent timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC-2008-8 is attached as Exhibit A and incorporated herein by reference.

## ADVISEMENT AND WAIVERS

5. Respondent has carefully read, and understands the charges and allegations in Accusation No. AC-2008-8. Respondent has also carefully read, and understands the effects of this Stipulated Settlement and Disciplinary Order.

6. Respondent is fully aware of his legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel at his own expense; the right to confront and cross-examine the witnesses against him; the right to present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

## CULPABILITY

8. Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2008-8.

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1                   9.       Respondent agrees that his Certified Public Accountant Certificate is  
2 subject to discipline and he agrees to be bound by the California Board of Accountancy (Board)'s  
3 imposition of discipline as set forth in the Disciplinary Order below.

4                                           RESERVATION

5                   10.       The admissions made by Respondent herein are only for the purposes of  
6 this proceeding, or any other proceedings in which the California Board of Accountancy or other  
7 professional licensing agency is involved, and shall not be admissible in any other criminal or  
8 civil proceeding.

9                                           CONTINGENCY

10                   11.       This stipulation shall be subject to approval by the California Board of  
11 Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of  
12 the California Board of Accountancy may communicate directly with the Board regarding this  
13 stipulation and settlement, without notice to or participation by Respondent. By signing the  
14 stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek  
15 to rescind the stipulation prior to the time the Board considers and acts upon it. If the Board fails  
16 to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary  
17 Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal  
18 action between the parties, and the Board shall not be disqualified from further action by having  
19 considered this matter.

20                   12.       The parties understand and agree that facsimile copies of this Stipulated  
21 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same  
22 force and effect as the originals.

23                   13.       In consideration of the foregoing admissions and stipulations, the parties  
24 agree that the Board may, without further notice or formal proceeding, issue and enter the  
25 following Disciplinary Order:

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1                   6.       **Practice Investigation.** Respondent shall be subject to, and shall permit,  
2 practice investigation of the Respondent's professional practice. Such a practice investigation  
3 shall be conducted by representatives of the Board, provided notification of such review is  
4 accomplished in a timely manner.

5                   7.       **Comply With Citations.** Respondent shall comply with all final orders  
6 resulting from citations issued by the Board of Accountancy.

7                   8.       **Tolling of Probation For Out-of-State Residence/Practice.** In the event  
8 Respondent should leave California to reside or practice outside this state, Respondent must  
9 notify the Board in writing of the dates of departure and return. Periods of non-California  
10 residency or practice outside the state shall not apply to reduction of the probationary period, or  
11 of any suspension. No obligation imposed herein, including requirements to file written reports,  
12 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise  
13 affected by such periods of out-of-state residency or practice except at the written direction of the  
14 Board.

15                  9.       **Violation of Probation.** If Respondent violates probation in any respect,  
16 the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation  
17 and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke  
18 probation is filed against Respondent during probation, the Board shall have continuing  
19 jurisdiction until the matter is final, and the period of probation shall be extended until the matter  
20 is final.

21                  10.       **Completion of Probation.** Upon successful completion of probation,  
22 Respondent's license will be fully restored.

23                  11.       **Additional Education Requirements.** Respondent shall complete an  
24 additional 24 hours of professional education courses as specified by the Board or its designee  
25 prior to April 30, 2009. This requirement shall be in addition to the continuing education  
26 requirements for licensing.

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1                   12.     **Ethics Course/Examination.** Respondent shall take and pass with a score  
2 of 90 percent or better a Board approved ethics examination prior to the end of the suspension  
3 period. Respondent must achieve a successful passing grade, with proof of the passing grade  
4 submitted to the Board prior to the resumption of practice

5                   If Respondent fails to pass said examination within the time period provided or  
6 within two attempts, Respondent shall so notify the Board and shall cease practice until  
7 Respondent takes and successfully passes said exam, has submitted proof of same to the Board,  
8 and has been notified by the Board that he may resume practice. Failure to pass the required  
9 examination no later than 100 days prior to the termination of probation shall constitute a  
10 violation of probation.

11                   Notwithstanding any other provision of this probation, failure to take and pass this  
12 examination within five years of the effective date of this order constitutes a separate cause for  
13 discipline of Respondent's license.

14                   13.     **Active License Status.** Respondent shall at all times maintain an active  
15 license status with the Board, including during any period of suspension. If the license is expired  
16 at the time the Board's decision becomes effective, the license must be renewed within 30 days of  
17 the effective date of the decision.

18                   14.     **Cost Reimbursement.** Respondent shall reimburse the Board \$4,316.22  
19 for its investigation and prosecution costs. Full payment shall be completed at least six (6)  
20 months prior to the end of the probationary period. Respondent may make periodic payments as  
21 agreed by the Board.

22                   15.     **Relinquish Certificate.** Respondent shall relinquish and shall forward or  
23 deliver the certificate or permit to practice to the Board office within 10 days of the effective date  
24 of this decision and order, during the period of suspension.

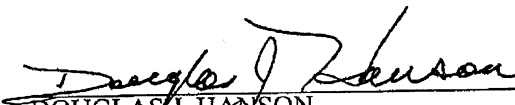
25                   16.     **Medical Treatment.** Respondent shall undergo and continue treatment by  
26 a licensed physician or therapist of Respondent's choice and approved by the Board or its  
27 designee until the treating physician or therapist certifies in writing in a report to the Board or its  
28 designee that treatment is no longer necessary. Respondent shall have the treating physician or

1 therapist submit reports to the Board at intervals determined by the Board or its designee.  
2 Respondent is responsible for costs of treatment and reports. Prior to the end of the suspension  
3 period, Respondent must provide a letter to the Board from his physician or therapist that  
4 addresses his medical and/or mental condition with a statement that Respondent is fit to practice.  
5 Respondent shall not engage in practice until proper notification is given to the Board by a duly  
6 licensed health care professional that Respondent is mentally and physically fit to practice.

7 ACCEPTANCE

8 I have carefully read the Stipulated Settlement and Disciplinary Order. I  
9 understand the stipulation and the effect it will have on my Certified Public Accountant  
10 Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly,  
11 and intelligently, and agree to be bound by the Decision and Order of the California Board of  
12 Accountancy.

13 DATED: 10/3/08

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16 DOUGLAS J. HANSON  
17 Respondent

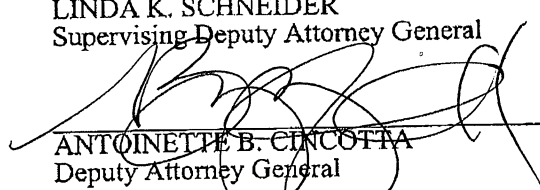
18 ENDORSEMENT

19 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully  
20 submitted for consideration by the California Board of Accountancy of the Department of  
21 Consumer Affairs.

22 DATED: 10/2/2008

23 EDMUND G. BROWN JR., Attorney General  
24 of the State of California

25 LINDA K. SCHNEIDER  
26 Supervising Deputy Attorney General

27   
28 ANTOINETTE B. CINCOTTA  
29 Deputy Attorney General

Attorneys for Complainant



**Exhibit A**

**Accusation No. AC-2008-8**

1 EDMUND G. BROWN JR., Attorney General  
of the State of California  
2 LINDA K. SCHNEIDER  
Supervising Deputy Attorney General  
3 ANTOINETTE B. CINCOTTA, State Bar No. 120482  
Deputy Attorney General  
4 110 West "A" Street, Suite 1100  
San Diego, CA 92101  
5  
6 P.O. Box 85266  
San Diego, CA 92186-5266  
Telephone: (619) 645-2095  
7 Facsimile: (619) 645-2061

8 Attorneys for Complainant

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10 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. AC-2008-8

13 DOUGLAS J. HANSON  
14 1455 Timber Glen  
Escondido, CA 92027

**A C C U S A T I O N**

15 Certified Public Accountant Certificate No. 43682

16 Respondent.

17  
18 Complainant alleges:

19 **PARTIES**

20 1. Carol Sigmann (Complainant) brings this Accusation solely in her official  
21 capacity as the Executive Officer of the California Board of Accountancy, Department of  
22 Consumer Affairs ("Board").

23 2. On or about October 11, 1985, the Board issued Certified Public  
24 Accountant Certificate No. 43682 to Douglas J. Hanson (Respondent). The certificate was  
25 expired and was not valid during the period May 1, 1989 through July 29, 1991, for the following  
26 reasons: (a) the renewal fee required by California Business and Professions Code Section  
27 5070.5 was not paid; and (b) declaration of compliance with continuing education requirements  
28 was not submitted. Effective July 30, 1991, the certificate was renewed through April 30, 1993,

1 upon receipt of the renewal fee and declaration of compliance with continuing education  
2 requirements ("active"). The certificate was renewed for the period May 1, 1993 through April  
3 30, 1997, with continuing education ("active"). The certificate was expired and was not valid  
4 during the period May 1, 1997 through April 29, 2002, for the following reasons: (a) the  
5 renewal fee required by California Business and Professions Code Section 5070.5 was not paid;  
6 and (b) declaration of compliance with continuing education requirements was not submitted.  
7 Effective April 30, 2002, the certificate was renewed through April 30, 2003, upon receipt of the  
8 renewal fee; however, without compliance with continuing education requirements ("inactive").  
9 The certificate was expired and was not valid during the period May 1, 2003 through March 14,  
10 2004 for the following reasons: (a) the renewal fee required by California Business and  
11 Professions Code Section 5070.5 was not paid; and (b) declaration of compliance with  
12 continuing education requirements was not submitted. Effective March 15, 2004, the certificate  
13 was renewed through April 30, 2005, upon receipt of the renewal fee; however without  
14 compliance with continuing education requirements ("inactive"). The certificate was renewed  
15 for the period May 1, 2005 through April 30, 2007, without continuing education ("inactive").  
16 The certificate expired on May 1, 2007, and is currently in a "delinquent" status.

### 17 JURISDICTION

18 3. This Accusation is brought before the California Board of Accountancy  
19 (Board), Department of Consumer Affairs, under the authority of the following laws. All section  
20 references are to the Business and Professions Code unless otherwise indicated.

21 4. **Section 5050** states in relevant part:

22 "(a) Except as provided in subdivision (b) and (c) of this section, in subdivision  
23 (a) of Section 5054, and in Section 5096.12, no person shall engage in the practice of public  
24 accountancy in this state unless the person is the holder of a valid permit to practice public  
25 accountancy issued by the board or a holder of a practice privilege pursuant to Article 5.1  
26 (commencing with Section 5096.).

27 "(b) Nothing in this chapter shall prohibit a certified public accountant, a public  
28 accountant, or a public accounting firm lawfully practicing in another state from temporarily

1 practicing in this state incident to practice in another state, provided that an individual providing  
2 services under this subdivision may not solicit California clients, may not assert or imply that the  
3 individual is licensed to practice public accountancy in California, and may not engage in the  
4 development, implementation, or marketing to California consumers or any abusive tax  
5 avoidance transaction, as defined in subdivision (c) of Section 19753 of the Revenue and  
6 Taxation Code. A firm providing services under this subdivision that is not registered to practice  
7 public accountancy in California may not solicit California clients, may not assert or imply that  
8 the firm is licensed to practice public accountancy in California, and may not engage in the  
9 development, implementation, or marketing to California consumers or any abusive tax  
10 avoidance transaction, as defined in subdivision (c) of Section 19753 of the Revenue and  
11 Taxation Code. This subdivision shall become inoperative on January 1, 2011.

12           "(c) Nothing in this chapter shall prohibit a person who holds a valid and current  
13 license, registration, certificate, permit, or other authority to practice public accountancy from a  
14 foreign country, and lawfully practicing therein, from temporarily engaging in the practice of  
15 public accountancy in this state incident to an engagement in that country, provided that:

16           "(1) The temporary practice is regulated by the foreign country and is performed  
17 under accounting or auditing standards of that country.

18           "(2) The person does not hold himself or herself out as being the holder of a  
19 valid California permit to practice public accountancy or the holder of a practice privilege  
20 pursuant to Article 5.1 (commencing with Section 5096)."

21           5.       **Section 5100** states in relevant part:

22           "After notice and hearing the board may revoke, suspend, or refuse to renew any  
23 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5  
24 (commencing with Section 5080), or may censure the holder of that permit or certificate for  
25 unprofessional conduct that includes, but is not limited to, one or any combination of the  
26 following causes:

27           ". . . .

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1                   "(g) Willful violation of this chapter or any rule or regulation promulgated by the  
2 board under the authority granted under this chapter."

3                   6.       **California Code of Regulations, title 16, section 3**, states in relevant  
4 part:

5                   "(a) Address Notification -Individual Licensees.

6                   "(1) Each licensee shall notify the Board of any change in his or her address of  
7 record within 30 days after the change. The address of record is public information. If the address  
8 of record is a post office box or mail drop, the change of address notification shall include the  
9 street address of either the licensee's primary place of employment or his or her residence.

10                  "(2) For purposes of this section, 'licensee' includes any holder of an active,  
11 inactive, suspended, or expired certified public accountant license or public accountant license  
12 issued by the Board which is not canceled or revoked.

13                  "(3) All notification required under this subsection shall be in writing and shall  
14 be signed by the licensee."

15                  7.       **California Code of Regulations, title 16, section 52, subdivision (a)**,  
16 states:

17                  "a.       (a) A licensee shall respond to any inquiry by the Board or its appointed  
18 representatives within 30 days. The response shall include making available all files, working  
19 papers and other documents requested."

20                  8.       **California Code of Regulations, title 16, section 58** states:

21                  "Licensees engaged in the practice of public accountancy shall comply with all  
22 applicable professional standards, including but not limited to generally accepted accounting  
23 principles and generally accepted auditing standards."

24                  9.       **California Code of Regulations, title 16, section 87** states in relevant  
25 part:

26                  "(a) 80 Hours. As a condition of active status license renewal, a licensee shall  
27 complete at least 80 hours of qualifying continuing education as described in Section 88 in the  
28 two-year period immediately preceding license expiration, and meet the reporting requirements

1 specified in subsection (a) of Section 89. A licensee engaged in the practice of public  
2 accountancy as defined in Section 5051 of the Business and Professions Code is required to hold  
3 a license in active status. No carryover of continuing education is permitted from one two-year  
4 license renewal period to another.

5 “....

6 “(c) Accounting and Auditing Continuing Education Requirement.

7 A licensee who engages in planning, directing, performing substantial portions of the work, or  
8 reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the  
9 80 hours of continuing education required pursuant to subsection (a) in the course subject matter  
10 specified in this subsection. Course subject matter must pertain to financial statement preparation  
11 and/or reporting (whether such statements are prepared on the basis of generally accepted  
12 accounting principles or other comprehensive bases of accounting), auditing, reviews,  
13 compilations, industry accounting, attestation services, or assurance services. This continuing  
14 education shall be completed in the same two-year license renewal period as the report is issued.  
15 If no report is issued because the financial statements are not intended for use by third parties, the  
16 continuing education shall be completed in the same two-year license renewal period as the  
17 financial statements are submitted to the client.

18 “(d) A licensee who must complete continuing education pursuant to subsections  
19 (b) and/or (c) of this section shall also complete an additional eight hours of continuing education  
20 specifically related to the detection and/or reporting of fraud in financial statements. This  
21 continuing education shall be part of the 80 hours of continuing education required by subsection  
22 (a), but shall not be part of the continuing education required by subsections (b) or (c). This  
23 requirement applies to licensees who renew their licensee on or after July 1, 2005.

24 “....

25 “(g) Failure to Comply. A licensee's willful failure to comply with the  
26 requirements of this section shall constitute cause for disciplinary action pursuant to Section  
27 5100(g) of the Accountancy Act.”

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1                   10.     **California Code of Regulations, title 16, section 94** states:

2                   “Failure to comply with these continuing education rules by a licensee engaged in  
3 public practice, as defined in Business and Professions Code Section 5051, constitutes cause for  
4 disciplinary action under Section 5100.”

5                   11.     **California Code of Regulations, title 16, section 95.4**, states:

6                   “The failure of a licensee to comply with a citation containing an assessment of  
7 administrative fine, an order of correction or abatement or both an administrative fine and an  
8 order of correction or abatement after this citation is final and has been served in accordance with  
9 the provisions of Section 11505(c) of the Government Code shall constitute a ground for  
10 revocation or suspension of the license or permit.”

11                                           **FIRST CAUSE FOR DISCIPLINE**

12                                           **(Practicing Without a Valid Permit)**

13                   12.     Respondent is subject to disciplinary action under Business and  
14 Professions Code sections 5100, subdivision (g) and 5050 in that he has engaged in the practice  
15 of accountancy without a valid certificate as set forth in paragraph 2, which is incorporated  
16 herein by this reference. The circumstances are as follows:

17                   13.     Respondent’s certified public accountant certificate has been expired since  
18 on or about May 1, 2007.

19                   14.     On or about September 19, 2007, the Board conducted a practice  
20 investigation for Respondent’s place of business. Although Respondent had not registered his  
21 place of business with the board, several Internet directories disclosed that Respondent was listed  
22 as a certified public accountant with a business location at 1875 E. Valley Parkway, Suite 201,  
23 Escondido, California.

24                   15.     On or about September 19, 2007, the Board’s investigator found  
25 Respondent’s business card taped to the mail slot outside his office located at 1875 E. Valley  
26 Parkway, Suite 201, Escondido, California. The name, Douglas J. Hanson, Certified Public  
27 Account appeared on the business card. Respondent also maintained the same business cards on  
28 his desk inside the office at that location. Respondent admitted to the Board’s investigator that

1 he maintains an office for the transaction of public accounting services and offers professional  
2 services to clients and prospective clients, including bookkeeping services, financial statement  
3 preparation, and tax returns preparation. As part of his financial statement services, Respondent  
4 performs compilations.

5 **SECOND CAUSE FOR DISCIPLINE**

6 **(Wilful Failure to Comply with Order)**

7 16. Respondent is subject to disciplinary action under section 5100,  
8 subdivision (g), and California Code of Regulations, title 16, sections 95.4 and 52, subdivision  
9 (a). The circumstances are as follows:

10 17. On or about June 12, 2007, in a prior action, the Board issued Citation  
11 Number CT-2007-23 against Respondent for failing to respond to the Board's inquiries dated  
12 September 7, 2006, October 10, 2006, November 8, 2006, and April 18, 2007 related to the Troy  
13 Flowers complaint. The Board ordered Respondent to pay \$1,500.00 in an administrative fine  
14 and respond to the Board's letters dated September 7, 2006 and April 18, 2007 within thirty (30)  
15 days. That Citation is now final and is incorporated by reference as if fully set forth. Respondent  
16 failed to respond to the citation. Respondent did not complete the order of correction or pay the  
17 fine.

18 18. On or about September 19, 2007, Respondent admitted to the Board's  
19 investigator that he received the Board's mailings concerning the citation.

20 **THIRD CAUSE FOR DISCIPLINE**

21 **(Failure to Complete Continuing Education Requirements)**

22 19. Respondent is subject to disciplinary action under section 5100,  
23 subdivision (g) and California Code of Regulations, title 16, sections 87, subdivision (g), and 94  
24 for engaging in the practice of public accountancy without the required continuing education as  
25 set forth in paragraphs 2 and 13 through 15, which are incorporated herein by this reference.

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1 **FOURTH CAUSE FOR DISCIPLINE**

2 **(Failure to Comply with Professional Standards)**

3 20. Respondent is subject to disciplinary action under section 5100,  
4 subdivision (g), and California Code of Regulations, title 16, section 58 for failing to comply  
5 with professional standards in performing compilation engagements for his clients. The  
6 circumstances are as follows:

7 21. On or about September 19, 2007, Respondent admitted to the Board's  
8 investigator that he performs bookkeeping and income tax return preparation services.  
9 Respondent also stated that he does not perform audits but he does prepare balance sheet and  
10 profit/loss statements for the purpose of tax return preparation. Respondent admitted that he  
11 does not issue either a report or engagement letter with these financial statements, as required by  
12 professional standards.

13 **FIFTH CAUSE FOR DISCIPLINE**

14 **(Failure to Notify the Board of Change of Address)**

15 22. Respondent is subject to disciplinary action under section 5100,  
16 subdivision (g) and California Code of Regulations, section 3 for the failure to provide written  
17 notification of the Board of his current address. The circumstances are as follows:

18 23. On or about September 19, 2007, Respondent admitted to the Board's  
19 investigator that he does not reside at the address on record with the Board. Respondent has not  
20 provided the Board written notification of his current address for either his residence or business.

21 **PRAYER**

22 WHEREFORE, Complainant requests that a hearing be held on the matters herein  
23 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

24 1. Revoking or suspending or otherwise imposing discipline upon Certified  
25 Public Accountant Certificate No. 43682 issued to Douglas J. Hanson;

26 2. Ordering Douglas J. Hanson to pay the California Board of Accountancy  
27 the reasonable costs of the investigation and enforcement of this case, pursuant to Business and  
28 Professions Code section 5107;

1                      3. Taking such other and further action as deemed necessary and proper.

2 DATED: February 7, 2008

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CAROL SIGMANN  
Executive Officer  
California Board of Accountancy  
Department of Consumer Affairs  
State of California  
Complainant